

Message Text

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ACTION EUR-12

INFO OCT-01 AF-08 ARA-06 EA-07 NEA-10 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00

ACDA-07 PA-01 PRS-01 SSO-00 NSCE-00 INRE-00 USIE-00

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O R 161015Z JUL 76

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 2898

INFO ALL OECD CAPITALS 0380

AMEMBASSY ALGIERS

AMEMBASSY JIDDA

AMEMBASSY BUENOS AIRES

AMEMBASSY BRASILIA

AMEMBASSY YAOUNDE

AMEMBASSY NEW DELHI

AMEMBASSY JAKARTA

USINT BAGHDAD

AMEMBASSY TEHRAN

AMEMBASSY KINGSTON

AMEMBASSY MEXICO CITY

AMEMBASSY LAGOS

AMEMBASSY ISLAMABAD

AMEMBASSY LIMA

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMEMBASSY BELGRADE

AMEMBASSY LUSAKA

AMEMBASSY KINSHASA

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E.O. 11652: N/A

TAGS: OECD, CIEC, EGEN, ETRD, EFIN, EAID, ENRG

SUBJECT: CIEC: JULY COMMISSIONS -- THIRD DAY

1. SUMMARY: THIRD DAY OF CURRENT ROUND OF CIEC COMMISSIONS SPENT MAINLY IN INFORMAL CAUCUSES AND WORK GROUPS CALLED TO ATTEMPT COMPLETION OF WORK PROGRAMS. END SUMMARY.

2. ENERGY COMMISSION: MAJOR FOCUS OF ATTENTION ON THURSDAY WAS SMALL DRAFTING GROUP (COMPOSED OF TWO CO-CHAIRMEN SUPPORTED BY SWISS, JAMAICAN AND IRANIAN DELS) WHICH ENDEAVORED WORK OUT AGREED PAPER FOR COMMISSION WORK PROGRAM. BY END OF DAY, AND SEVERAL EXCHANGES OF TEXTS, DRAFTING GROUP REACHED TENTATIVE AGREEMENT IN PAPER INCORPORATING ALMOST ALL POINTS PREVIOUSLY PREPARED BY TWO SIDES, UNDER THREE MAIN HEADINGS: (1) RESOURCE AVAILABILITY AND DEVELOPMENT; (2) ENERGY PRICES AND QUESTIONS RELATED TO PURCHASING POWER OF ENERGY EXPORT EARNINGS; AND (3) TECHNICAL, SCIENTIFIC AND FINANCIAL CO-OPERATION. PAPER DID NOT, HOWEVER, INCLUDE SPECIFIC REFERENCE TO MECHANISM FOR POST-CIEC CONSULTATIONS, AND AT G-8 CAUCUS EC REP INSISTED DC CO-CHAIRMAN MAKE ANOTHER EFFORT SECURE AGREEMENT ON THIS POINT. BOSWORTH, SUPPORTED BY SWISS, CANADIAN AND AUSTRALIANS, POINTED OUT THAT REPEATED DC SUGGESTIONS FOR INCLUSION OF CONTINUING CONSULTATION ITEM WAS PUTTING DC'S INCREASINGLY IN DEMANDEUR POSITION, AND G-19 NOW WAS REFUSING ACCEPT THIS TOPIC UNTIL DC'S HAD AGREED "IN PRINCIPLE" TO SOME OF LDC DEMANDS. BOSWORTH AGREED RAISE ISSUE ONCE AGAIN WITH G-19 REPS, BUT STRESSED THAT HIS APPROACH WOULD BE CONDITIONED BY TACTICAL DANGERS IN PRESSING ISSUE TOO FAR.

3. COMMISSION ALSO HELD BRIEF PLENARY ON THURSDAY TO HEAR PRESENTATION BY UNDP REP (DELL) CONCERNING UNDP AND UN REVOLVING FUND INVOLVEMENT IN ENERGY DEVELOPMENT PROJECTS. DELL NOTED THAT NEITHER INSTITUTION HAD DONE MUCH IN THIS AREA IN PAST, NOT

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BECAUSE OF ANY POLICY INJUNCTION AGAINST SUCH INVESTMENT BUT BECAUSE PARTICIPATING GOVERNMENTS HAD NOT EARMARKED SUFFICIENT AMOUNTS FOR THIS PURPOSE. FOR EXAMPLE, FIRST ENERGY PROJECT FINANCED BY FUND WAS APPROVED ONLY LAST YEAR. DELL STRESSED THAT IF THESE INSTITUTIONS WERE TO DO MORE IN THIS AREA IN FUTURE, WHICH ENTIRELY POSSIBLE IN PRINCIPLE, TOTAL FINANCING FOR UNDP AND FUND WOULD HAVE TO EXPAND CONSIDERABLY

BEYOND PRESENT LEVELS OF 400 MILLION AND 11 MILLION DOLLARS RESPECTIVELY.

4. RAW MATERIALS COMMISSION: JULY 15 REVEALED THAT G-19 RESPONSE TO DC'S COUNTERPROPOSAL FOR WORK PROGRAM WAS ESSENTIALLY TO REITERATE THEIR OWN LIST, WITH ITEMS ADDED ON INVESTMENT AND SUPPLY, AND TO PROPOSE INFORMAL MEETING BETWEEN LIMITED NUMBER OF DELS FROM EACH SIDE TO SEEK FURTHER PROGRESS ON ISSUE. UPSHOT OF THIS WAS MEETING IN WHICH REPS OF G-5 AND 7 LDC'S "ASSISTED" THE CO-CHAIRMEN. THE MEETING WAS INCONCLUSIVE WITH LDC'S MAINTAINING THEIR DESIRE FOR NON-NEUTRAL PHRASING OF WORK PROGRAM ITEMS AND EXPRESSING FEAR THAT NEUTRAL PHRASING WOULD REPRESENT BACKWARD STEP FROM NAIROBI RESOLUTION. HOWEVER, MEETING GAVE G-5 FIRST OPPOTUNITY TO EXPLAIN FRANKLY THEIR ATIONALE FOR INSISTENCE ON NEUTRAL WDRDING. IN SUBSEQUENT G-8 MEETING MAJORITY OF DC DELS DECIDED TO MAKE EVERY EFFORT TO MEET G-19 CONCERNS IN CHAPEAU (WHICH WOULD ACCOMPANY NEUTRALLY PHRASED LIST

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OF TOPICS) BY MAKING REFERENCE TO NAIROBI RESOLUTION
AS WELL AS TO SENIO OFFICIALS' COMMUNIQUE. G-8
DEBATE HAS BECOME MOE ACRIMONIOUS AS THE TWO
REMAINING AUDITORS, CANADA AND SWITZERLAND, HAVE JOINED
SWEDEN IN ARGUING THAT ACCEPTING LIST ALONG LINES
DESIRED BY G-L9 IS INEVITABLE, WITH G-5 MEMBER
AUSTRALIA WAVERING. US, EC, AND JAPAN CONTINUE TO
MAINTAIN THAT TO GIVE IN AT THIS POINT COULD RESULT IN
SITUATION IN WHICH G-8 COULD BE EXPECTED TO COME UP
WITH POLITICALLY ACCEPTABLE "CONCRETE RESULTS" IN EACH
FALL SESSION OF COMMISSION. US, EC AND JAPAN INSISTED
THAT G-L9 MAKE A GENUINE COUNTERPROPOSAL BEFORE G-8
CONSIDERS FURTHER COMPROMISE. MAJOR G-8 DELS POSI-
TIONS ARE UNDERCUT, HOWEVER, BY G-L9'S APPARENT KNOW-
LEDGE OF FACT THAT AUDITORS ARE SOFT. RAW MATERIALS
COMMISSION MET IN PLENARY FOR ONLY FEW MINUTES AND
AGREED TO CONTINUE INFORMAL CONTACTS.

5. DEVELOPMENT COMMISSION: AT THURSDAY SESSION,
BOTH CO-CHAIRMEN WELLENSTEIN AND G-L9 PROPOSED NEW
COMPROMISE WORK PROGRAMS. G-L9 INSISTED ON SEPARATE
ITEM OF TRADE, BUT DROPPED PROPOSALS FOR SPECIFIC
SUBITEMS ON SDR-LINK AND GATT REFORM. MOST OF SESSION

WAS TAKEN UP WITH INFORMAL CAUCUSING, AND FINAL WORK PROGRAM COULD NOT BE COMPLETED. COMMISSION HAS TENTATIVELY AGREED TO WORK PROGRAM WITH FIVE MAIN TOPICS. AGREEMENT HAS BEEN REACHED ON SUBITEMS FOR THREE OF THESE: TRANSFER OF RESOURCES, FOOD AND AGRICULTURE, AND INFRASTRUCTURE. DISCUSSION WILL CONTINUE FRIDAY ON (A) INDUSTRIAL COOPERATION AND TRANSFER OF TECHNOLOGY (WHERE AGREEMENT IS CLOSE) AND ON (B) TRADE. G-19 CONTINUES TO PRESS FOR INCLUSION OF SUBITEM UNDER TRADE ON FOOD TRADE WITH WHICH G-8 (NOTABLY EC) IS HAVING SOME DIFFICULTY (US HAS REMAINED NEUTRAL IN DEBATE ON THIS ISSUE). IT IS EXPECTED THAT COMMISSION WILL COMPLETE DRAFTING WORK PROGRAM ON FRIDAY AND THEN MEET IN JOINT SESSION WITH FAC ON DEBT PROCEDURES.

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6. FINANCE COMMISSION (FC): FC SESSION OF JULY 15 ENDED IN DEADLOCK ON TWO ISSUES. (A) INCLUSION OF SEPARATE AGENDA ITEM ON MONETARY ASPECTS OF FINANCIAL ISSUES FOR AREAS OF CONCENTRATION OF FC IN SECOND PHASE, STILL STRONGLY OPPOSED BY US AND EC, (WITH SOME FLEXIBILITY SHOWN BY SWISS). G-19, IN VIEWS EXPRESSED BY CO-CHAIRMAN YEGANEH, CONTINUED TO INSIST ON INCLUSION OF THIS ITEM, WHICH THEY SAID WAS AGREED TO BOTH AT DECEMBER PREPCON AND AT RECENT HIGH-LEVEL MEETING. CO-CHAIRMAN SPIERENBURG POINTED OUT THAT NO AGREEMENT APPEARED POSSIBLE OTHER THAN TO AGREE TO DISAGREE. ISSUE LEFT UNRESOLVED, AWAITING FURTHER INFORMAL DISCUSSIONS BETWEEN TWO CO-CHAIRMEN. (B) EC PRESENTED PAPER SUPPORTED BY US ON "ORGANIZATION OF WORK ON INDEBTEDNESS" WHICH INCLUDED DIVISION OF WORK (ACUTE DEBT SITUATION AND "OTHER") BETWEEN DC AND FC ALONG LINES DISCUSSED IN RECENT TWP MEETING (OECD PARIS 20732). THIS SUGGESTION REJECTED AFTER A FIRST READING BY G-19 (INDIA AND PAKISTAN) WHICH AGAIN PROPOSED CREATION OF JOINT WORKING GROUP OF TWO COMMISSIONS TO DISCUSS INDEBTEDNESS AND COME UP WITH ACTION-ORIENTED PROPOSALS. G-19 WISHES TO HAVE DEBT QUESTION DISCUSSED AS A WHOLE IN A DEVELOPMENT CONTEXT TO PRODUCE A COORDINATED SET OF PROPOSALS IN THIS AREA. SPIERENBURG NOTED STRONG G-8 OPPOSITION TO THIS IDEA. FC AGREED TO HOLD JOINT MEETING WITH DC ON JULY 16 TO WORK ON COORDINATION ON SUBJECT OF INDEBTEDNESS.

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